

OPEN MEETING AGENDA ITEM

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THE ARIZONA CORPORATION COMMISSION

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2008 JUL 23 P 4: 05

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. E-01933A-07-0401
TUCSON ELECTRIC POWER COMPANY'S)
REQUEST FOR APPROVAL OF ITS DEMAND-) TEP'S COMMENTS ON STAFF'S
SIDE MANAGEMENT EFFICIENT) REPORT AND PROPOSED
COMMERCIAL BUILDING DESIGN PROGRAM.) ORDER

Tucson Electric Power Company ("TEP" or the "Company"), through undersigned counsel, hereby submits its comments to the Arizona Corporation Commission ("Commission") Staff's Report and Recommended Opinion and Order ("ROO") for the TEP Efficient Commercial Building Design Program ("Program"). TEP generally supports the conclusions reached by Commission Staff and appreciates Commission Staff's effort and diligence in analyzing the Efficient Commercial Building Design Program. However, TEP requests modification of two Commission Staff recommendations, as follows:

I. COMMENTS AND MODIFCATIONS.

A. Ordering Paragraph No. 1, page 13, line 25: "IT IS ORDERED that Tucson Electric Power Company Efficient Commercial Building Design Program be and hereby is approved on a two-year pilot basis, as discussed herein."

TEP believes that two years is not an adequate time period for an effective pilot program of this nature as it may be difficult to gather the necessary data required to support future recommendations on the Program's progress and effectiveness. Given the state of today's construction market, the local governmental approval processes and the design time lines, timely and sufficient information may be unavailable if the two-year pilot requirement is implemented.

1 TEP recommends a three-year pilot program be utilized instead. TEP believes the additional year
2 will provide more data and information to better evaluate the Program's effectiveness.

3 In Findings of Fact No. 37, page 12, line 3, please **delete** "two" and **insert** "three". In
4 Ordering Paragraph No. 1, page 13, line 26, please **delete** "two" and **insert** "three".

5 **B. Ordering Paragraph No. 4, page 14, line 6: "IT IS ORDERED that, in**
6 **calculating the 50 percent cap, any applicable energy efficiency rebates and incentives,**
7 **including federal, state and local tax credits that are being offered for energy efficiency**
8 **improvements should be taken into account and be subtracted from the incremental cost of**
9 **the equipment."**

10 In TEP's experience with its existing programs, lower incentives reduce program
11 participation. TEP believes that Commission Staff's recommendation to subtract any applicable
12 energy efficiency rebates and incentives from the incremental cost of the equipment may reduce
13 the success of the implementation of the program. In addition to the aforementioned constraint,
14 delays in incentive payments would also exist and in some cases, force the customer to wait until
15 the business' fiscal year-end tax return is prepared prior to receiving any incentives or benefits
16 from participation in the Program. Again, TEP would like to emphasize those additional customer
17 participation requirements and consequent delays in order to align with Federal tax policy would
18 present undue burdens and hurdles to customers, thereby reducing program participation. TEP
19 recommends that no rebates, incentives, or credits be subtracted from the incremental cost of the
20 equipment.

21 Please **delete** all of Findings of Fact No. 40, page 12, lines 9 through 13, and **insert**, "Staff
22 recommends a 50 percent cap on incentive payments." Please **delete** all of Ordering Paragraph
23 No. 4, page 14, lines 6 through 9, and **insert**, "IT IS ORDERED that, a 50 percent cap be placed
24 on all incentive payments."

25 **II. CONCLUSION.**

26 WHEREFORE, for all of the foregoing reasons, TEP submits these comments for the
27 Commission's consideration.

1 RESPECTFULLY SUBMITTED this 23rd day of July 2008.

2
3 TUCSON ELECTRIC POWER COMPANY.

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5 By 

6 Michelle Livengood
7 One South Church Avenue, Suite 200
8 Tucson, Arizona 85701

9 and

10 Michael W. Patten
11 One Arizona Center
12 400 East Van Buren Street, Suite 800
13 Phoenix, Arizona 85004

14
15 Original and 13 copies of the foregoing
16 filed this _____ day of July 2008 with:

17 Docket Control
18 Arizona Corporation Commission
19 1200 West Washington Street
20 Phoenix, Arizona 85007

21 Copy of the foregoing hand-delivered/mailed
22 this _____ day of July 2008 to:

23 Jane Rodda, Esq.
24 Administrative Law Judge
25 Hearing Division
26 Arizona Corporation Commission
27 400 W. Congress
Tucson, Arizona 85701

Janice Alward, Esq.
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

1 Ernest G. Johnson
2 Director, Utilities Division
3 Arizona Corporation Commission
4 1200 West Washington Street
5 Phoenix, Arizona 85007
6
7 C. Webb Crockett
8 Patrick J. Black
9 FENNEMORE CRAIG, PC
10 3003 North Central Avenue, Suite 2600
11 Phoenix, Arizona 85012-2913
12
13 Daniel Pozefsky, Esq.
14 RUCO
15 1110 West Washington, Suite 220
16 Phoenix, Arizona 85007
17
18 Timothy M. Hogan
19 Arizona Center for
20 Law in the Public Interest
21 202 E. McDowell Road, Suite 153
22 Phoenix, Arizona 85004
23
24 Jeff Schlegel
25 SWEEP Arizona Representative
26 1167 W. Samalayuca Drive
27 Tucson, Arizona 85704
28
29 David Berry
30 Western Resource Advocates
31 P. O. Box 1064
32 Scottsdale, Arizona 85252
33

34 By: 
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